

ORIGINAL NEW APPLICATION



0000048934

Picacho Water Company RECEIVED
9532 E. Riggs Road
Sun Lakes, AZ 85248

2006 MAY -4 A 10: 29

May 2, 2006

AZ CORP COMMISSION
DOCUMENT CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

W-03528A-06-0313

Docket No. W-03528A-06 – Application to Extend Water Certificate of Convenience and Necessity (CC&N)

Dear Docket Control:

Picacho Water Company (PWC) was granted a CC&N to provide water service to the development known as Robson Ranch in Decision No. 61266 dated November 25, 1998. Robson Ranch is an age-restricted master planned community located in the City of Eloy.

The developer of Robson Ranch has recently purchased a small parcel that will be included in the development, and pursuant to a request for service attached as Exhibit F has requested water service from PWC. The extension area will consist of 583 residential customers and few light non-residential customers. This application is to extend the water CC&N to the additional area of Robson Ranch.

PWC currently provides water service to a golf course, 16 residential customers and 14 non-residential customers. Its plant in service consists of two wells that pump 4,300 GPM and an 800,000 gallon water storage tank. A third well is in the process of being added to the water delivery system.

PWC proposes that it charge its current rate and charges to the customers in the extension area.

Notice of this application will be sent to the property owners in the extension area as well as to all of the property owners in the existing certificated area. A copy of the notice is attached as Exhibit G. Given the demand for water, it serves the public interest for the Arizona Corporation Commission to grant the extension of the water CC&N that is requested by PWC in this application.

An original and 13 copies submitted.

Sincerely,

Jim Poulos

ARIZONA CORPORATION COMMISSION

APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

Picacho Water Company

9532 E. Riggs Road

Sun Lakes, AZ 85248

480-895-4251

B. The name, address and telephone number of management contact is:

Jim Poulos

9532 E. Riggs Road

Sun Lakes, AZ 85248

480-895-4251

C. List the name, address and telephone number of the operator certified by the Arizona
Department of Environmental Quality:

Ed MacMeans

40000 S. Ridgeview Blvd.

Tucson, AZ 85739

D. List the name, address and telephone number of the attorney for the Applicant: None

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation) Exhibit A
2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation) N/A

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. Exhibit B

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors. Exhibit C

H. Attach a current balance sheet and profit and loss statement. Exhibit D

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 250 Second Year 500 Third Year 583 Fourth Year 583
Fifth Year 583

Commercial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Other: (specify)

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential:

First Year 1,750,000 Second Year 3,500,000 Third Year 4,081,000
Fourth Year 4,081,000 Fifth Year 4,081,000

Commercial:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____
Fourth Year _____ Fifth Year _____

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

First Year 114,250 Second Year 222,280 Third Year 253,930
Fourth Year 253,930 Fifth Year 253,930

- Complete Attachment "D" (Water Use Data Sheet) for the past 13 months

See Exhibit E

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year 102,825 Second Year 200,000 Third Year 228,530
Fourth Year 228,530 Fifth Year 228,530

- J. Total estimated cost to construct utility facilities to serve customers in the requested area:

\$1,500,000

- K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Debt and/or equity

- L. Estimated starting and completion date of construction of utility facilities:

Starting date 2007 date 2008 Completion

- M. Attach the following permits:

1. Franchise from either the City or County for the area requested. Applied for - to be late filed
2. Arizona Department of Environmental Quality or designee's approval to construct facilities. Not yet required
3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A
5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of, either the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources. To be applied for
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.

[Signature]
(Signature of Authorized Representative)

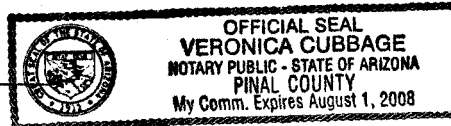
Tim Poulos
(Print or Type Name Here)

Manager
(Title)

SUBSCRIBED AND SWORN to before me this 3rd day of May, 1906

Veronica Cubbage
NOTARY PUBLIC

My Commission Expires 8/1/08



STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****PICACHO WATER COMPANY*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 22, 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 3rd Day of May, 2006, A. D.




Executive Director

By

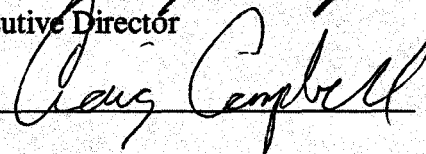


EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Water Company CC&N

March 22, 2006

A parcel of land located within the Northeast Quarter of Section 20, and within the West Half and the Southeast Quarter of Section 21, Township 7 South, Range 7 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the Northwest Corner of said Section 21, a 5/8" rebar;

THENCE South 89°55'22" East 2,648.14 feet along the North line of the Northwest Quarter of said section, to the North Quarter Corner of said section, a GLO brass cap;

THENCE South 00°21'58" West 2,646.48 feet, along the North-South mid-section line of said Section 21, to the East-West mid-section line of said section;

THENCE South 89°46'12" East 332.91 feet along said East-West mid-section line;

THENCE South 00°23'21" West 809.82 feet to the Northeasterly line of Jimmie Kerr Boulevard (Highway 84);

THENCE North 53°50'54" West 85.98 feet along said Northeasterly line, to the beginning of a non-tangent curve, concave Southwesterly, having a radius of 11,509.16 feet, the center of which bears South 33°00'19" West;

THENCE Northwesterly 372.64 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 01°51'18";

THENCE continuing along said Northeasterly line, North 58°50'59" West 274.00 feet, to the beginning of a tangent curve, concave Northeasterly, having a radius of 11,409.16 feet;

THENCE Northwesterly 777.56 feet continuing along said Northeasterly line of Jimmie Kerr Boulevard, and along the arc of said curve, through a central angle of 03°54'17", to the said East-West mid-section line of Section 21;

EXHIBIT B

Legal Description

Robson Ranch Arizona
Units 27 & 28
Addition to Picacho Water Company CC&N (cont'd)

March 22, 2006

THENCE South 89°46'12" East 20.30 feet along said mid-section line;

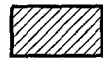
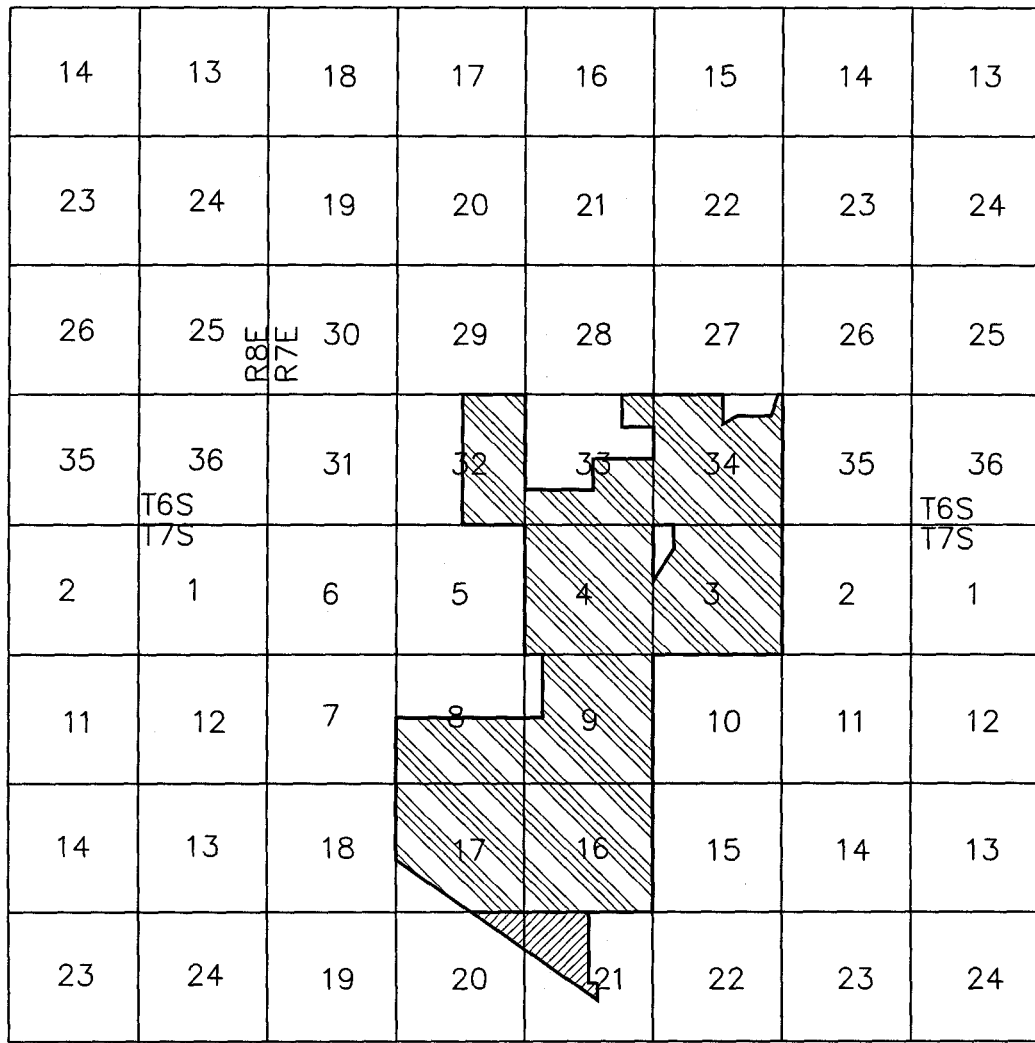
THENCE continuing along said Northeasterly line of Jimmie Kerr Boulevard, North 53°50'54" West 4,467.63 feet, to the North line of said Northeast Quarter of Section 20;

THENCE North 89°40'35" East 1,899.41 feet along said North line, to the TRUE POINT OF BEGINNING.

The above described parcel contains 7,766,054 square feet, or 178.2841 acres, more or less.



EXHIBIT C



PICACHO WATER CO CC&N EXPANSION AREA



PICACHO WATER CO CC&N EXISTING AREA

PICACHO WATER CO
APRIL, 2006

EXHIBIT D
PICACHO WATER COMPANY

BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

	<i>In thousands</i>	
	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
PLANT IN SERVICE AND UNDER CONSTRUCTION, net	\$ 1,582	\$ 1,466
CURRENT ASSETS:		
Cash	83	119
Service customers receivable	9	26
Prepays and deposits	<u>6</u>	<u>0</u>
Total current assets	<u>98</u>	<u>145</u>
	<u>\$ 1,680</u>	<u>\$ 1,611</u>
 <u>LIABILITIES AND CAPITALIZATION</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 6	\$ 13
Accrued liabilities	35	23
Due to affiliate	<u>34</u>	<u>0</u>
Total current liabilities	75	36
DEFERRED INCOME TAXES	<u>26</u>	<u>22</u>
Total liabilities	<u>101</u>	<u>58</u>
CAPITALIZATION		
Common stock	1,475	1,475
Authorized 50,000 shares;		
2,000 shares issued and outstanding		
Retained earnings	<u>104</u>	<u>78</u>
Total capitalization	<u>1,579</u>	<u>1,553</u>
	<u>\$ 1,680</u>	<u>\$ 1,611</u>

PICACHO WATER COMPANY

STATEMENTS OF INCOME
FOR THE PERIOD FROM INCEPTION (AUGUST 15, 2004) TO DECEMBER 31, 2004
AND THE YEAR ENDED DECEMBER 31, 2005

	<i>In thousands</i>	
	<u>2005</u>	<u>2004</u>
REVENUE:		
Construction water sales	\$ 245	\$ 189
Establishment and connection fees	<u>1</u>	<u>0</u>
Total revenue	<u>246</u>	<u>189</u>
EXPENSES:		
Salaries and employee benefits	61	42
Electricity	75	18
Repairs and maintenance	10	3
Chemicals	1	1
Testing, fees and permits	8	0
Insurance	3	0
Other expenses	<u>8</u>	<u>1</u>
	<u>166</u>	<u>65</u>
Income before depreciation, interest and taxes	80	124
Depreciation	41	16
Interest expense	6	1
Income tax expense	<u>7</u>	<u>29</u>
NET INCOME	<u>\$ 26</u>	<u>\$ 78</u>

WATER USE DATA SHEET

NAME OF COMPANY	Picacho Water Company	
ADEQ Public Water System No.	11-135	

MONTH/YEAR (Last 13 Months)	<u>NUMBER OF CUSTOMERS</u>	GALLONS SOLD (Thousands)
3/05	1	59
4/05	1	1,316
5/05	1	5,592
6/05	1	27,648
7/05	1	7,263
8/05	1	4,161
9/05	1	5,914
10/05	1	17,322
11/05	1	7,325
12/05	22	2,493
1/06	25	3,923
2/06	27	1,880
3/06	31	1,580

[illegible]

Other Water Sources in Gallons per Minute	N/A	GPM	4,300
Fire Hydrants on System	99	Yes	No
Total Water Pumped Last 13 Months (Gallons in Thousands)			86,476



Robson Communities™

Master-Planned Resort Living

EXHIBIT F

April 18, 2006

VIA FACSIMILE

Picacho Water Company
9532 East Riggs Road
Sun Lakes, Arizona 85248

RE: Request for Water Service

To Whom It May Concern:

The beneficial owner of the property more fully described on Exhibit "A" attached to this letter hereby requests that Picacho Water Company provide water services to the property. Please contact the undersigned with any questions or with requests for any additional information.

Sincerely,

EXHIBIT A

Legal Description

Robson Ranch Arizona
Units 27 & 28

March 22, 2006

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Robson Ranch Arizona
Units 27 & 28

March 22, 2006

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EXHIBIT G

PUBLIC NOTICE OF AN APPLICATION FOR AN EXTENSION OF ITS
CETIFICATE OF CONVENIENCE AND NECESSITY BY
PICACHO WATER COMPANY

Picacho Water Company has filled with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are either currently a customer of Picacho Water Company or are a property owner in the proposed extension area. If the application is granted, Picacho Water would be the exclusive provider of water service to the propose area. Picacho Water Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street and at Picacho Water Company, 9532 E. Riggs road, Sun Lakes, AZ 85248

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information an intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, AZ 85007 or call 1-800-222-7000.